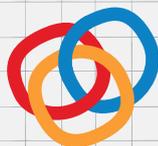




Res ONLINE



ENERGY AND WATER
OMBUDSMAN
Victoria **Listen Assist Resolve**

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THE OMBUDSMAN'S VIEW

Two major initiatives are working to strengthen the customer protection framework for Victoria's energy customers. In this issue of *Res Online* we report, from EWOV's perspective, on each of them.

Since mid-2018, EWOV has been able to accept complaints from electricity customers in **embedded networks**. Our coverage now extends to 78,404 embedded network customer connections. However, there are still more than 54,000 customer connections where we can't help, because the embedded network entity is yet to join EWOV. We're actively pursuing the entities associated with these sites.

Aligned to this, despite our efforts to make the application process efficient and streamlined, we're finding that many embedded network entities know little about their new regulatory obligations. This means membership applications often require considerable EWOV administrative assistance and multiple contacts.

The process is further complicated by the fact that embedded networks are subject to both distribution (supply) exemptions and retailer (selling) exemptions, which are often held by different parties (known as exempt persons). For EWOV to be able to address all aspects of embedded network customer complaints, both 'exempt persons' must be EWOV scheme participants. There's more information on embedded network cases [here](#).

Victoria's new **Payment Difficulty Framework** (PDF) took effect on 1 January 2019. In the last issue of *Res Online* I foreshadowed that, with payment assistance a particular PDF focus, EWOV would be expecting energy retailers to review their processes to ensure customers are offered all appropriate assistance.

With EWOV's purpose being to reduce the occurrence of complaints, as well as resolve disputes, we're using our cases to help scheme participants understand their new obligations under the PDF. Poor responses to complaints are being challenged and EWOV Investigations upgraded.

As well as helping us deliver fair and reasonable PDF-compliant dispute resolution outcomes, this approach is drawing scheme participants' attention to inadequate responses and the cost of staff not being properly equipped to address the retailer's PDF obligations. You'll find our first PDF update [here](#).

Other case studies in this issue

- [Shared responsibility to address electricity debt \(billing\)](#)
- [Household assessed as 'high risk' faces imminent disconnection of electricity and gas \(credit\)](#)
- [Request for a closer gas connection draws extended debate about costs and delays \(provision\)](#)

Affordability Report

The latest issue of EWOV's *Affordability Report*, released in March 2019, covers the six months from July to December 2018. It focuses on customers whose energy and water consumption is greater than their capacity to pay. In the second half of 2018, 24% of the credit Investigations EWOV completed involved customers who couldn't afford to pay the costs of their energy or water consumption. Some customers could afford to pay for just half of what they were using. You'll find our most recent *Affordability Report* on our website [here](#).



Cynthia Gebert

Energy and Water Ombudsman (Victoria)



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

If you have any feedback about *Res Online*, please contact Janine Rayner, EWOV's Communications and Policy Manager at: janine.rayner@ewov.com.au

THE BIG PICTURE

JANUARY - MARCH 2019

Compared to last quarter:

CASES
▼ 17%

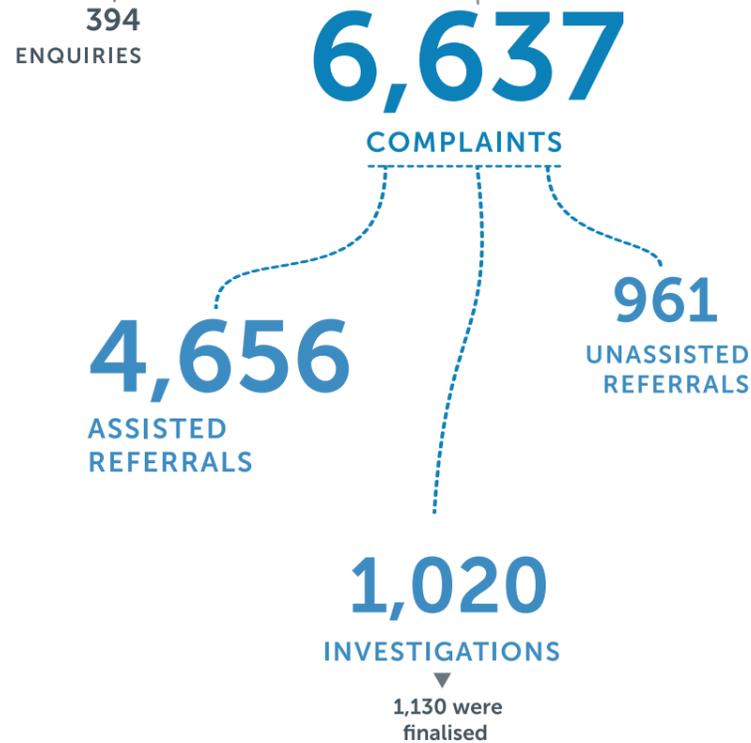
ENQUIRIES
▼ 21%

UNASSISTED REFERRALS
▼ 2%

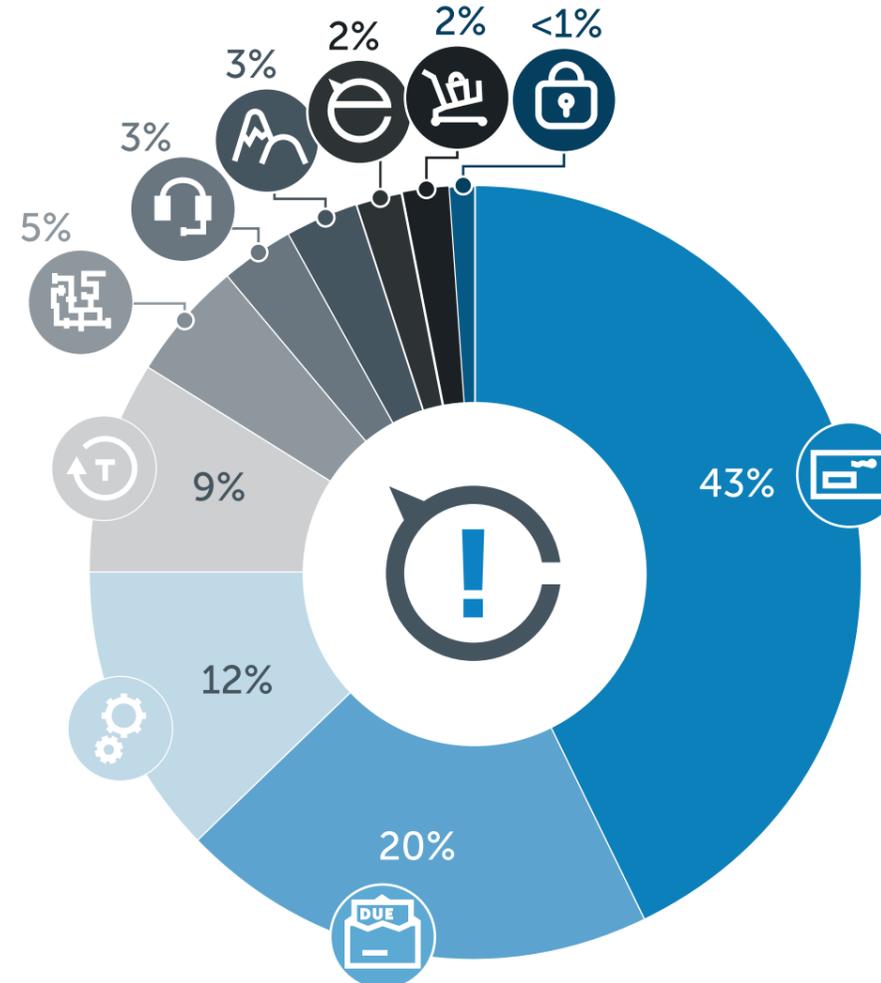
ASSISTED REFERRALS
▼ 18%

INVESTIGATIONS
▼ 24%

7,031 CASES



The issues customers complained about



Compared to last quarter:

BILLING
3,026 cases
▼ 23%

CREDIT
1,401 cases
▼ 12%

PROVISION
867 cases
▼ 21%

TRANSFER
659 cases
▼ 21%

SUPPLY
369 cases
▲ 29%

CUSTOMER SERVICE
202 cases
▲ 13%

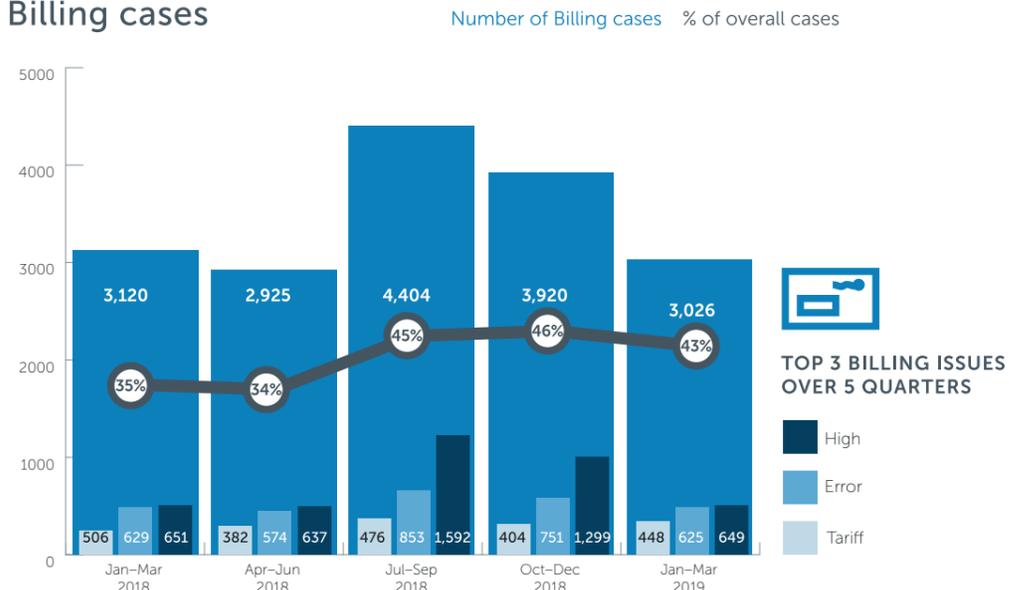
LAND
198 cases
▲ 16%

GENERAL ENQUIRY
169 cases
▼ 26%

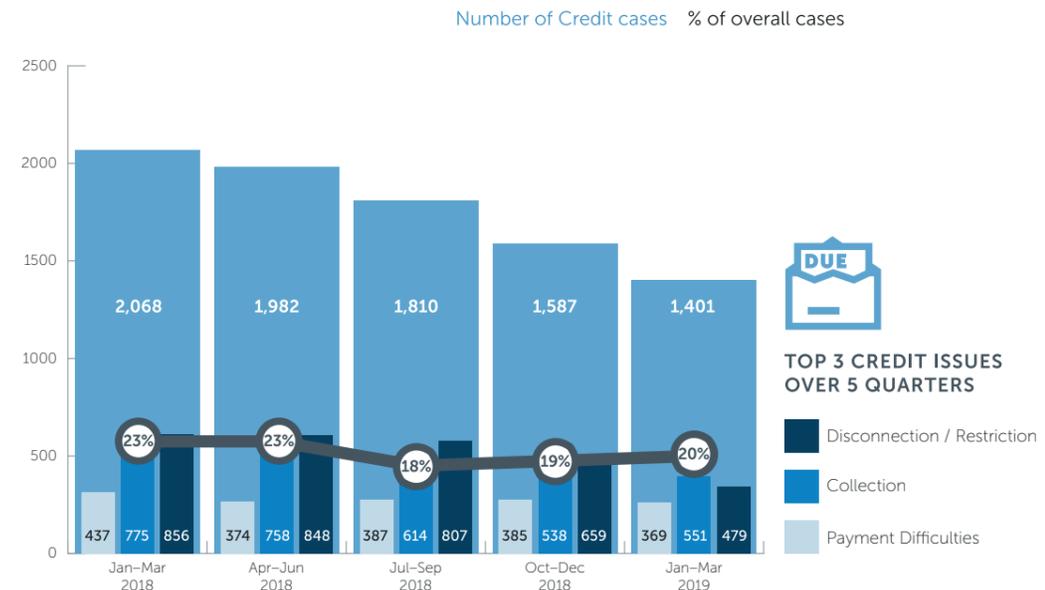
MARKETING
114 cases
▼ 30%

PRIVACY*
26 cases
▼ 13%

Billing cases



Credit cases



* Privacy is now a standalone high-level issues category. The main privacy sub-issues are 'details released', 'details requested by provider', 'details obtained without consent' and 'disclosure refused by provider'.

ISSUES WATCH:

Payment Difficulty Framework update

January to March 2019

From 1 January to 31 March 2019, EWOV closed 1,226 electricity, gas and dual fuel residential credit cases raised against retailers.

This included 233 Investigations, 875 Assisted Referrals (where the retailer must follow up with the customer to resolve the complaint) and 115 Unassisted Referrals (where the customer had not yet contacted their retailer).

Through conciliated outcomes from EWOV Investigations, 116 customers received entitlements under the Payment Difficulty Framework (PDF). Of these customers, 20 received Standard Assistance and were assisted through payment plans; and 26 were provided Tailored Assistance, available to customers with a debt of \$55 or more.

Significantly, we identified that a further 27% of customers (31) should have been offered Tailored Assistance. However, in these cases, the energy retailer wrote the debt down rather than provide the customer with help under the PDF. These cases spanned 11 retailers. While this is a short-term solution for retailers and their financially vulnerable customers, it doesn't address the long-term issue of customers who can't afford to pay for their ongoing energy use.

For customers experiencing the greatest level of payment difficulty, access to their PDF entitlements through EWOV led to 16% (19) of them being offered a payment plan with their arrears on hold and paying below consumption for a minimum of six months. Another 6% (7) were placed on payment plans enabling them to pay off their arrears over two years.

An important feature of the PDF is that energy retailers provide Practical Assistance to customers receiving Tailored Assistance — as a means of supporting them to meet payment obligations and remain on supply. Most of the customers who received Tailored Assistance as a result of EWOV's Investigation were given information about the Utility Relief Grant Scheme (URGS) or concessions. Or, as part of practical assistance, they received a tariff review or advice to lower their energy use and reduce energy costs. Under the new guidelines, these customers — and those we assisted through Unassisted and Assisted Referrals — should have been offered the appropriate level of assistance (standard or tailored) without lodging a complaint with EWOV.

We'll continue to highlight PDF issues and trends in future editions of *ResOnline*.

ISSUES WATCH:

Embedded Network cases

January to March 2019

On 1 July 2018, EWOV's jurisdiction was extended to include embedded networks, an arrangement commonly found in apartment buildings, caravan parks, retirement villages and shopping centres.

To 31 March 2019, 168 entities had joined EWOV. These entities cover 629 sites and 78,404 customer connections. There's a [list of EWOV's embedded network scheme participants](#) on our website. A further 86 entities (covering 123 sites) have lodged applications which are currently under assessment.

In the nine months to 31 March 2019, EWOV has received 315 embedded network cases. Unfortunately, more than half of these were out of EWOV'S jurisdiction, because the entity complained about wasn't an EWOV scheme participant at the time the customer contacted us. This has started to be remedied, with contact being made with those customers once the entity has joined EWOV, to progress their complaint if it remains relevant.

Trends in embedded network cases and issues

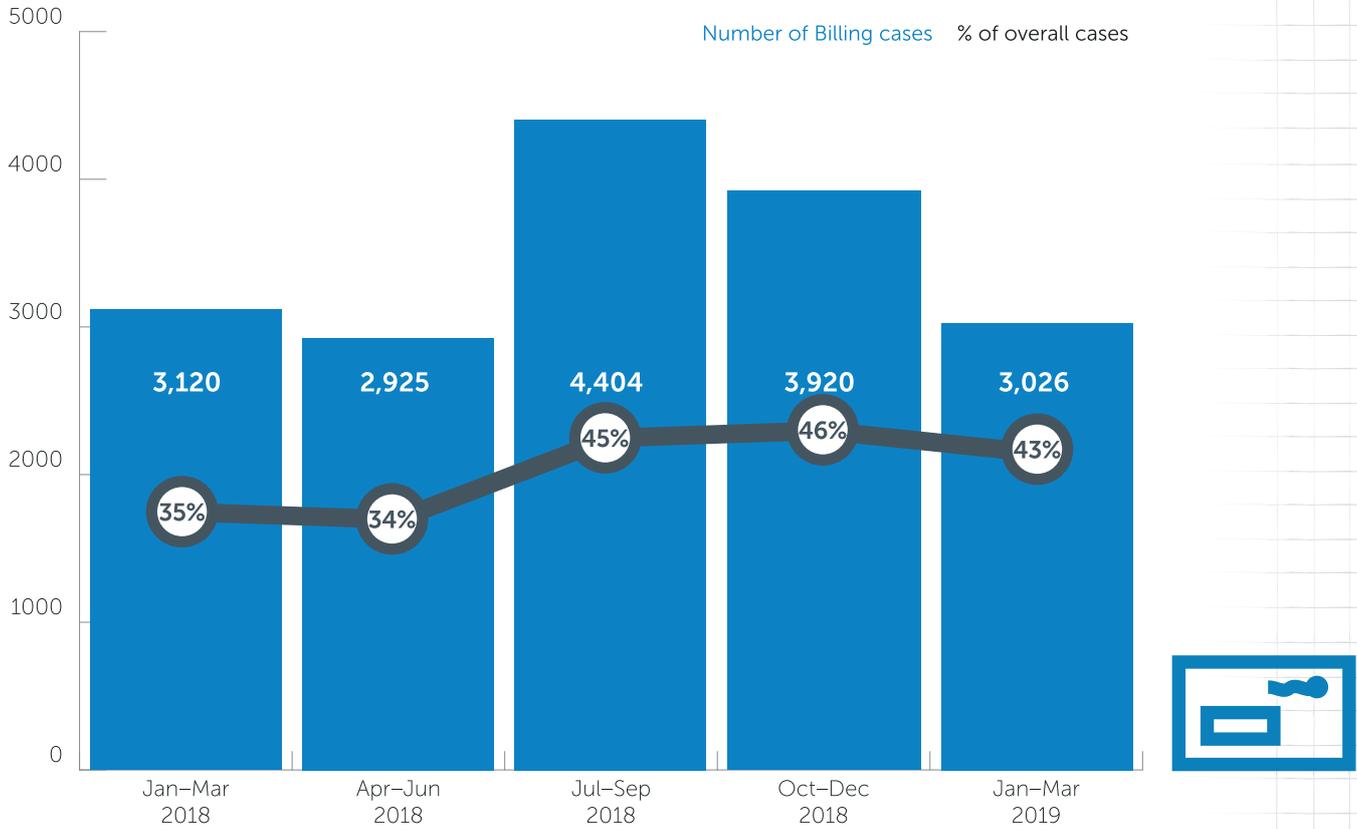
From January to March 2019, EWOV received 85 embedded network cases.

Billing, credit and transfer were the most common issues:

- 44 embedded network cases were about billing — down 28% against the previous quarter and most commonly about high bills, tariffs and concessions
- 12 embedded network cases were about credit — up 33% against the previous quarter and most commonly about disconnection (imminent and actual)
- 11 embedded network cases were about transfer — down 35% against the previous quarter and most commonly about objection and delay

BILLING

FIGURE 1
Billing cases



COMPARED TO
LAST QUARTER
BILLING CASES



23%



COMPARED TO
THIS TIME LAST YEAR
BILLING CASES



3%



Billing Case Study: Shared responsibility to address electricity debt

*Financial hardship; hardship program participation and entitlements;
Payment Difficulty Framework (PDF) entitlements*

Case number: 2018/31114

In December 2018, EWOV was contacted by a support worker acting on behalf of Ms R, a disability pensioner. The support worker said Ms R was in severe financial hardship and carrying a range of household debts – including electricity arrears of \$8,045.32, which Ms R attributed to two years of missing bills followed by a large backbill. Ms R was paying \$100 fortnightly through Centrepay, but her four-person household's quarterly electricity bills were more than \$1,000.

We registered the complaint as an Assisted Referral and facilitated contact with the support worker by a higher-level contact within the electricity retailer. She returned to EWOV, dissatisfied with the electricity retailer's response that Ms R's billing was regular and correct, and based on meter readings and the rates in her contract. She was seeking more assistance for Ms R – including help to identify any issues with appliances at the property, whether she was on the most appropriate energy plan and tariffs, and whether she had received a Utility Relief Grant. We opened an Investigation and, at the support worker's request, moved to liaise with Ms R directly.

Responding to EWOV's Investigation, the electricity retailer advised that Ms R's payment plan had been reduced from \$200 a fortnight to \$100 a fortnight in early November 2018, and that she was paying this regularly. It said her arrears were lower than EWOV had been told, but still very high at \$7,019.38. The retailer said Ms R had been included in its hardship program for the second time in October 2017, on a pay-on-time discount plan with 1:6 payment matching. In October 2018, Ms R received a Utility Relief Grant of \$650. The retailer said an external agency had recently undertaken an energy audit at Ms R's property and she'd received energy efficiency advice. The retailer provided billing and meter data to support its position that Ms R's property was billed on actual meter readings, with no backbilling and no high billing out of line with her usage history. It also noted that the most recent invoice sent to Ms R showed usage at the property had reduced.

In the electricity retailer's view, Ms R didn't meet the requirements of the Payment Difficulty Framework (PDF) for Tailored Assistance. It considered that her substantial debt, vulnerable position and inability to clear the debt in the next 24 months would be better managed through maintaining her participation in its existing hardship program with the additional support this provided.

We advised the electricity retailer that EWOV considered Ms R's residential arrears of more than \$55 entitled her to Tailored Assistance under the PDF. We drew the retailer's attention to the provisions in section 4.7.1 of the Essential Services Commission's *Energy Compliance and Enforcement Policy: Guidance note – Payment difficulty and disconnection* (PDF Guidance Note) for customers with legacy debt and on existing hardship programs. We advised EWOV's view that, to ensure she wasn't worse off, Ms R should be able to remain on the retailer's hardship program, as well as receive assistance in line with the PDF. We also noted that the retailer's response hadn't provided practical assistance to help Ms R lower her energy costs. We sought additional information from the retailer, including the energy offer and tariff most likely to minimise her household's energy costs.

“We advised EWOV's view that, to ensure she wasn't worse off, Ms R should be able to remain on the retailer's hardship program, as well as receive assistance in line with the PDF.”

The electricity retailer provided EWOV with the results of the home energy audit, highlighting the significant reduction in the household's usage since the audit was undertaken in early September 2018. The retailer also credited Ms R's account with \$650 to match the Utility Relief Grant payment.

However, while it referenced Ms R's entitlements under its hardship program, the electricity retailer still didn't tell us how it had addressed its obligations under 4.10 of the PDF Guidance Note – to objectively determine the energy offer and tariff that would most likely minimise Ms R's ongoing energy costs, taking into account her pattern of energy use and payment history.

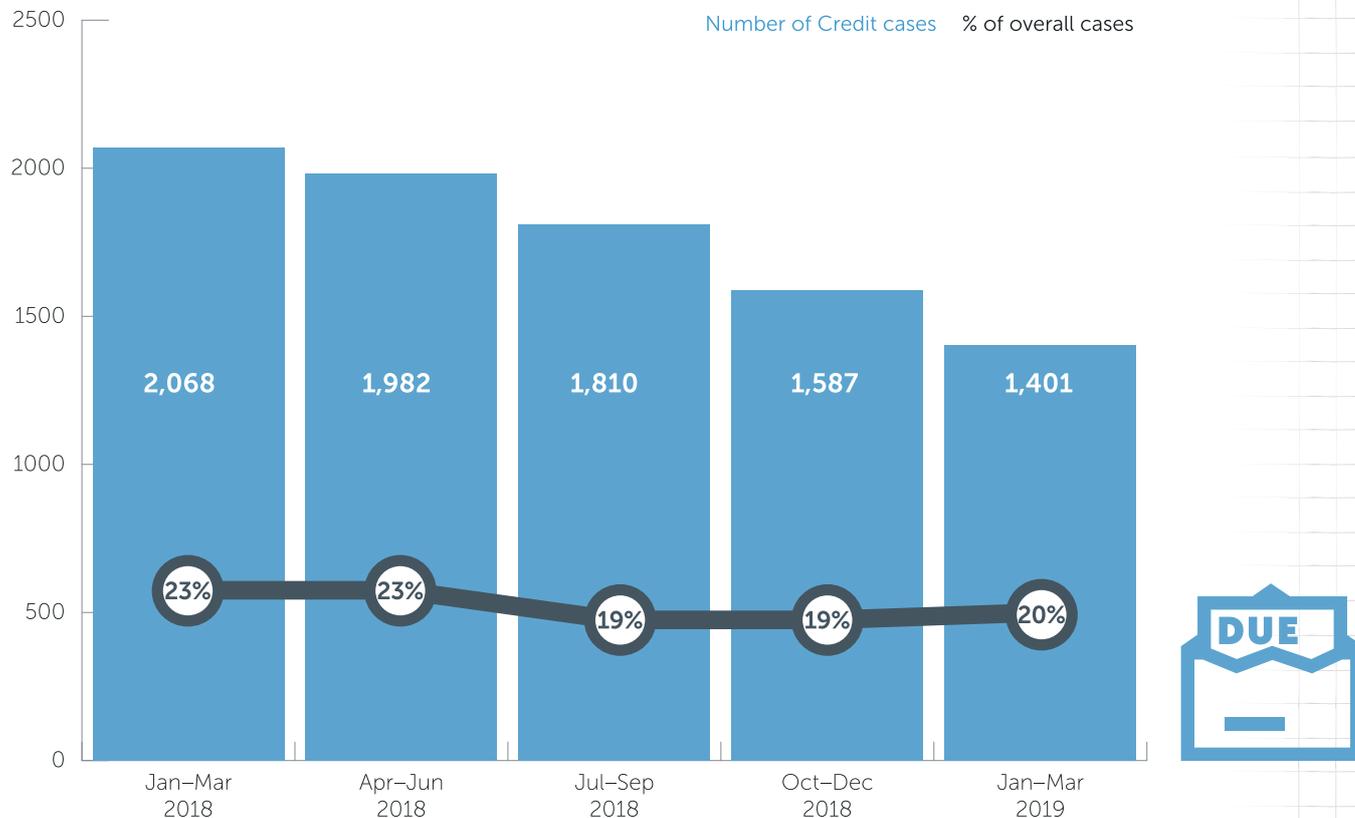
We sought advice from EWOV's technical consultant on the results of the energy audit and whether there was more Ms R could do at home to reduce her electricity costs. Our technical consultant observed the almost 50% decrease in usage since the audit, likely due to a change of household habits. We also learnt that Ms R's hot water system had been replaced.

With EWOV's Investigation at Final Stage, the retailer reviewed Ms R's usage and advised she was eligible to move from a 'time-of-use tariff' to a 'single peak only' tariff, which would reduce her bills. It also advised that her account balance was \$5,800.94 billed to mid-December 2018, and her \$100 fortnightly plan was still in place and up-to-date.

Based on our Investigation we assessed that – coupled with her new hot water system and ongoing \$100 fortnightly payment plan – if Ms R continued to use electricity in the way she had been since September 2018, she would be able to pay off her debt and afford ongoing consumption over time. Ms R was satisfied with this outcome. The complaint was closed.

CREDIT

FIGURE 2
Credit cases



Note: The disconnection data in this report does not include LPG Deliveries Stopped cases.



COMPARED TO
LAST QUARTER
CREDIT CASES



12%



COMPARED TO
THIS TIME LAST YEAR
CREDIT CASES



32%



Credit Case Study: Household assessed as 'high risk' faces imminent disconnection of electricity and gas

Payment difficulties over a long period; arrears waived; complaint closed for customer non-participation

Case numbers: 2018/25085 & 2018/25100

Ms G contacted EWOV in early October 2018 on behalf of her mother, Mrs W, who had received disconnection warnings for electricity and gas arrears. Mrs W owed over \$600 on her gas account and over \$4,000 on her electricity account.

Ms G told us that she, her husband and Mrs W lived at the house. She said her husband and her mother both had serious medical issues, with Mrs W needing uninterrupted supply for her life support equipment. Ms G said that Mrs W's payment arrangements had been cancelled without notice, that she was being harassed by debt collectors, and that she hadn't been sent the Utility Relief Grant forms she'd requested.

We assessed the situation as 'high risk', given the electricity arrears were greater than \$3,000 and the household was facing imminent disconnection of both electricity and gas. On this basis, we moved directly to an Investigation. The energy retailer suspended collection action and Mrs W was asked to pay \$40 a month towards each of her accounts, as Ms G indicated she could afford this amount.

As part of EWOV's Investigation, we reviewed billing and payment plan information provided by the energy retailer and its notes of contact with Ms G, acting on behalf of Mrs W, going back to 2010. The contact notes tracked a history of payment difficulties for the household; forms for Utility Relief Grants sent but not lodged; payment plans agreed and broken; increasing arrears; hardship program participation approved and revoked due to non-participation; and unsuccessful phone, SMS, letter, in-person contact attempts. This culminated in the notices of imminent electricity and gas disconnection in early October 2018.

The energy retailer advised that no payments had been made to Mrs W's accounts since March 2018, when \$60 was paid to the gas account and \$100 to the electricity account.

The energy retailer asked EWOV to undertake a financial assessment and energy audit. We advised Ms G that EWOV would need to understand the financial circumstances of the household, so we could assess how much Mrs W could afford to pay towards her electricity and gas. We sent Ms G a budget form, asking for it to be completed and returned by early December 2018.

The energy retailer agreed to waive Mrs W's gas arrears of \$628.42. It applied a credit of \$1,015.92 to her electricity account as part of an affordability initiative, leaving a balance of \$4,286.84. Among other offers, it proposed a payment plan of \$110 a fortnight for electricity usage, based on the household's fortnightly consumption of \$108.36. It offered access to its hardship program; the forms for Ms G to apply for a Utility Relief Grant for Mrs W; payment plans with guaranteed discounts of 31% on gas and 35% on electricity (once the complaint was closed); and payment matching until January 2019.

"We reminded the energy retailer of the Payment Difficulty Framework (PDF) that would come into effect on 1 January 2019, highlighting the entitlements for customers experiencing payment difficulties."

We assessed that the energy retailer's offers of payment arrangements didn't take sufficient account of Mrs W's capacity to pay. The retailer said it would also consider \$55 a fortnight as a short term plan, but acknowledged the negative financial impact this would have on the customer in the long run.

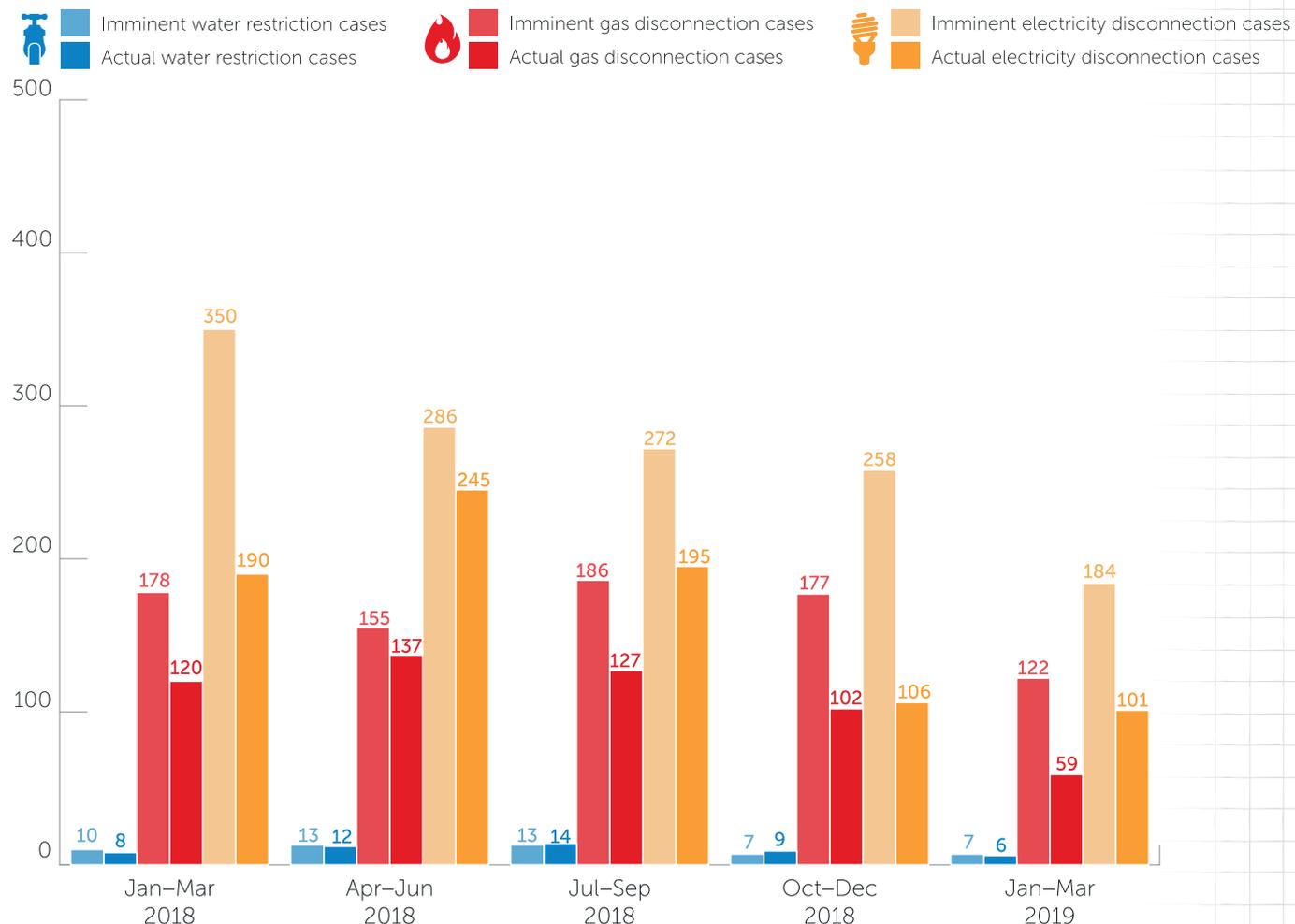
We reminded the energy retailer of the Payment Difficulty Framework (PDF) that would come into effect on 1 January 2019, highlighting the entitlements for customers experiencing payment difficulties. In mid-January 2019, we upgraded the complaint to a Final Stage Investigation, having identified possible breaches of the *Energy Retail Code* and the *Energy Compliance and Enforcement Policy: Guidance note – Payment difficulty and disconnection* (PDF Guidance Note).

In late January 2019, the energy retailer waived Mrs W's electricity arrears, applying a credit of \$4,809.69. It confirmed that applicable concessions were being applied to her electricity and gas accounts. It advised that, once the complaint had closed, it would place Mrs W's gas account on its lowest available rates plan, inclusive of an account credit of \$25 every six months. Similarly, it would place Mrs W's electricity account on its lowest available rates plan, inclusive of a \$40 credit every six months. Each plan would be for a two-year term and could be cancelled by the customer at any time without fees. It also offered ongoing Tailored Assistance through its existing hardship program.

We advised Ms G that the energy retailer had waived Mrs W's electricity debt and had set out its payment plan offers going forward. The complaint was closed.

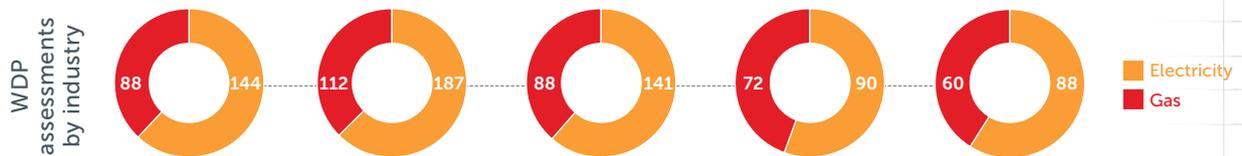
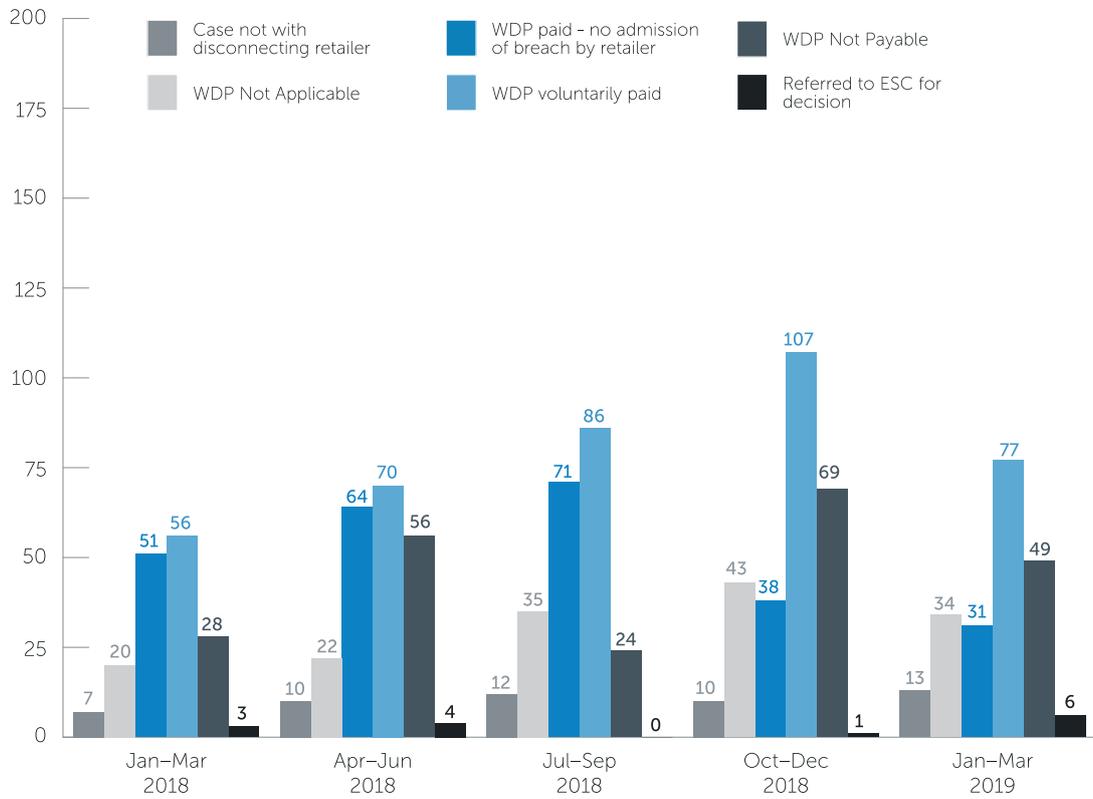
FIGURE 3

Credit-related disconnection and restriction cases



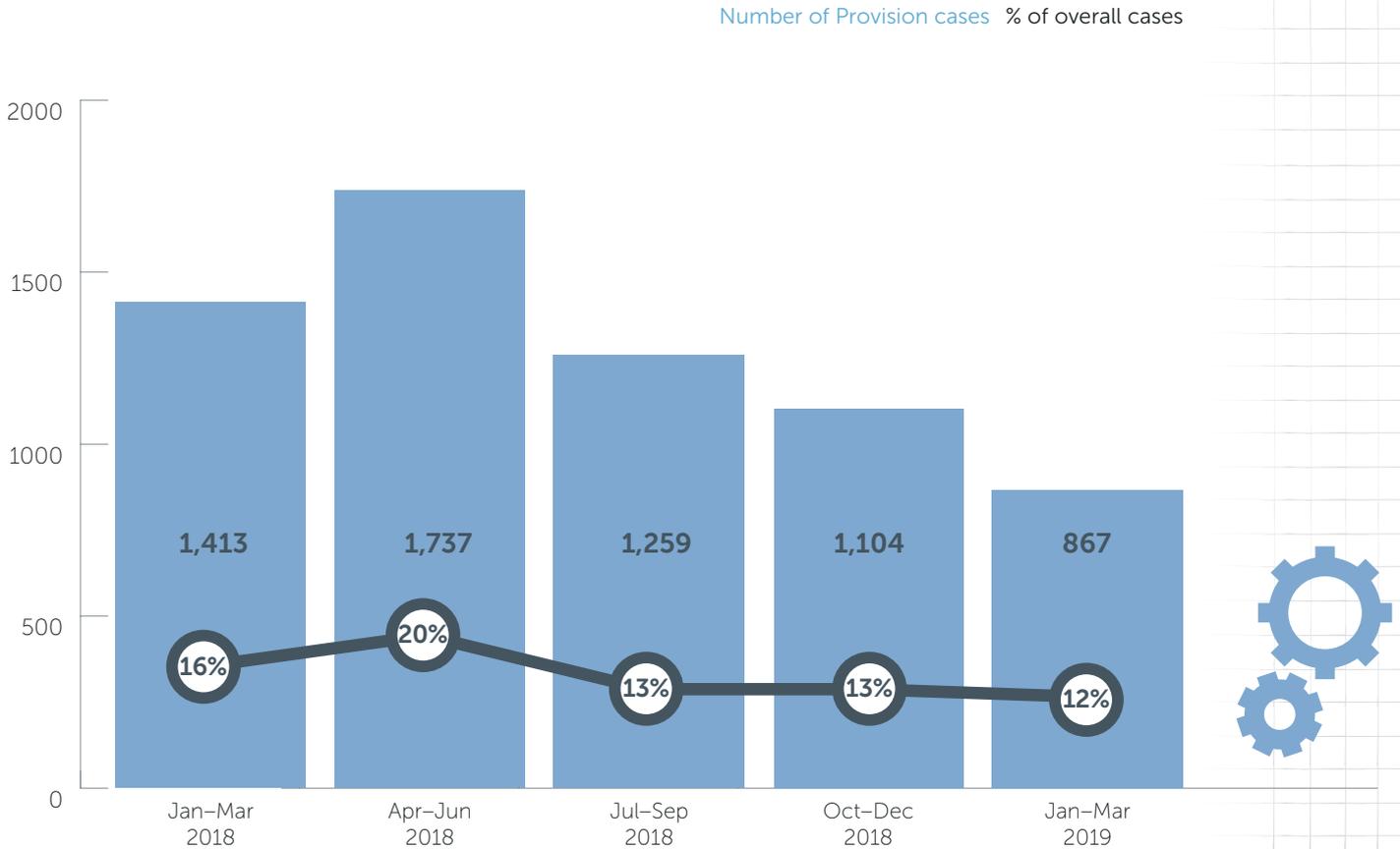
Note: The disconnection data in this report does not include LPG Deliveries Stopped cases.

FIGURE 4
WDP outcomes



PROVISION

FIGURE 5
Provision cases



COMPARED TO
LAST QUARTER

PROVISION CASES



22%



COMPARED TO
THIS TIME LAST YEAR

PROVISION CASES



39%



Provision Case Study: Request for a closer gas connection draws extended debate about costs and delays

New connection; informed customer challenges installation process and cost; advice on good industry practice

Case number: 2018/16064

Mr M contacted EWOV in July 2018 about a delay in connecting gas to a property he owned. He said he'd submitted a connection request to the gas retailer in early May 2018, but the gas still wasn't on and he hadn't been told when it would be.

We registered Mr M's complaint as an Assisted Referral and facilitated contact with him by a higher-level contact within the gas distributor. Mr M returned to EWOV, dissatisfied that the distributor told him it could either install the meter on the property boundary, or he could pay \$3,600 to have it installed down the laneway close to the house, where he wanted it to be. The distributor based its advice on the house being 50 metres from the boundary. Mr M disputed this, saying the distance was 30 metres. He considered \$3,600 to be unfair and said the delay was causing him to lose rental income, for which he would seek compensation.

We opened an Investigation and sought information from the gas distributor.

The gas distributor confirmed the connection request was received from Mr M's gas retailer in early May 2018. It said that, in early June, it told Mr M a site visit would be required to determine options for the works. It said it also told Mr M that where he wanted the gas connected would incur costs. The site visit date was agreed in mid-June 2018 and the visit went ahead a week later. A number of options and possible costs were discussed.

Three days after the site visit, the gas distributor asked the retailer to raise a 'shipper form' for the connection. Missing information (reference number and sub-division paperwork) was requested from the retailer. In early July 2018, the distributor advised Mr M he could have the gas connected where he wanted it for \$3,713.60, or it could be connected at the fence line for no charge.

Mr M responded in detail to EWOV with his understanding of the gas distributor's engineering standards and gas service installation regulations. He also provided advice from his plumber. The distributor disputed Mr M's assessment of the situation in its response to EWOV of late August 2018.

Mr M committed to paying the \$3,713.60 once the works were completed, but he remained dissatisfied with the cost and other aspects of the distributor's response to EWOV's Investigation.

"To help EWOV assess a fair and reasonable outcome, we anonymised the complaint information and sought advice from two other gas distributors about industry practice in situations of this type."

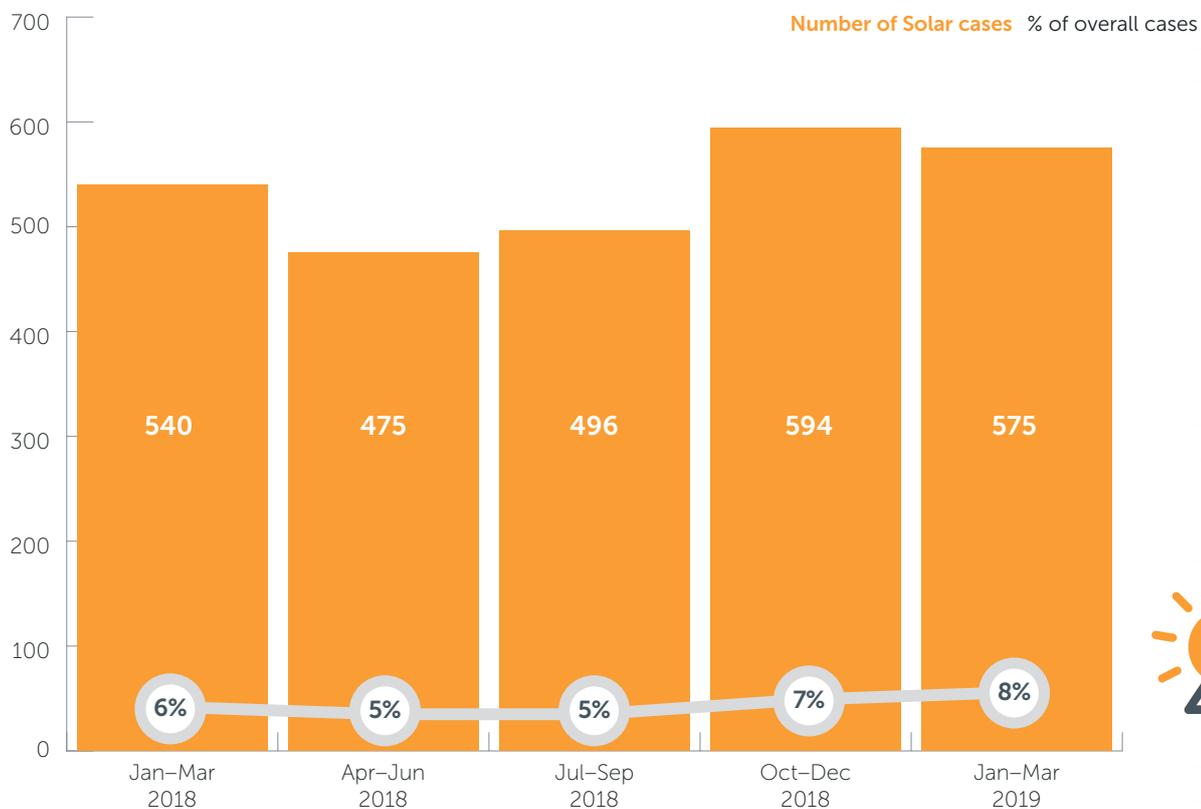
The works were completed in early September 2018. Mr M continued to question the cost and the connection process. The gas distributor offered \$1,500. Mr M calculated his loss of rent at \$6,651.42. In mid-October 2018, he asked EWOV to investigate the delay further with the gas retailer. While the retailer didn't accept it had contributed to the delay, it offered Mr M a customer service payment of \$250.

By late November 2018, Mr M and the distributor were at a stalemate. To help EWOV assess a fair and reasonable outcome, we anonymised the complaint information and sought advice from two other gas distributors about industry practice in situations of this type. The advice received was that the delays experienced weren't out of the ordinary for complex connections, and the actions of the distributor were considered to be in accordance with industry practice.

At this point, the gas distributor increased its offer to \$4,000. Mr M accepted the offer. The complaint was closed.

SOLAR

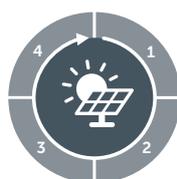
FIGURE 6
Solar cases



COMPARED TO
LAST QUARTER
SOLAR CASES



3%



COMPARED TO
THIS TIME LAST YEAR
SOLAR CASES



7%

Solar cases

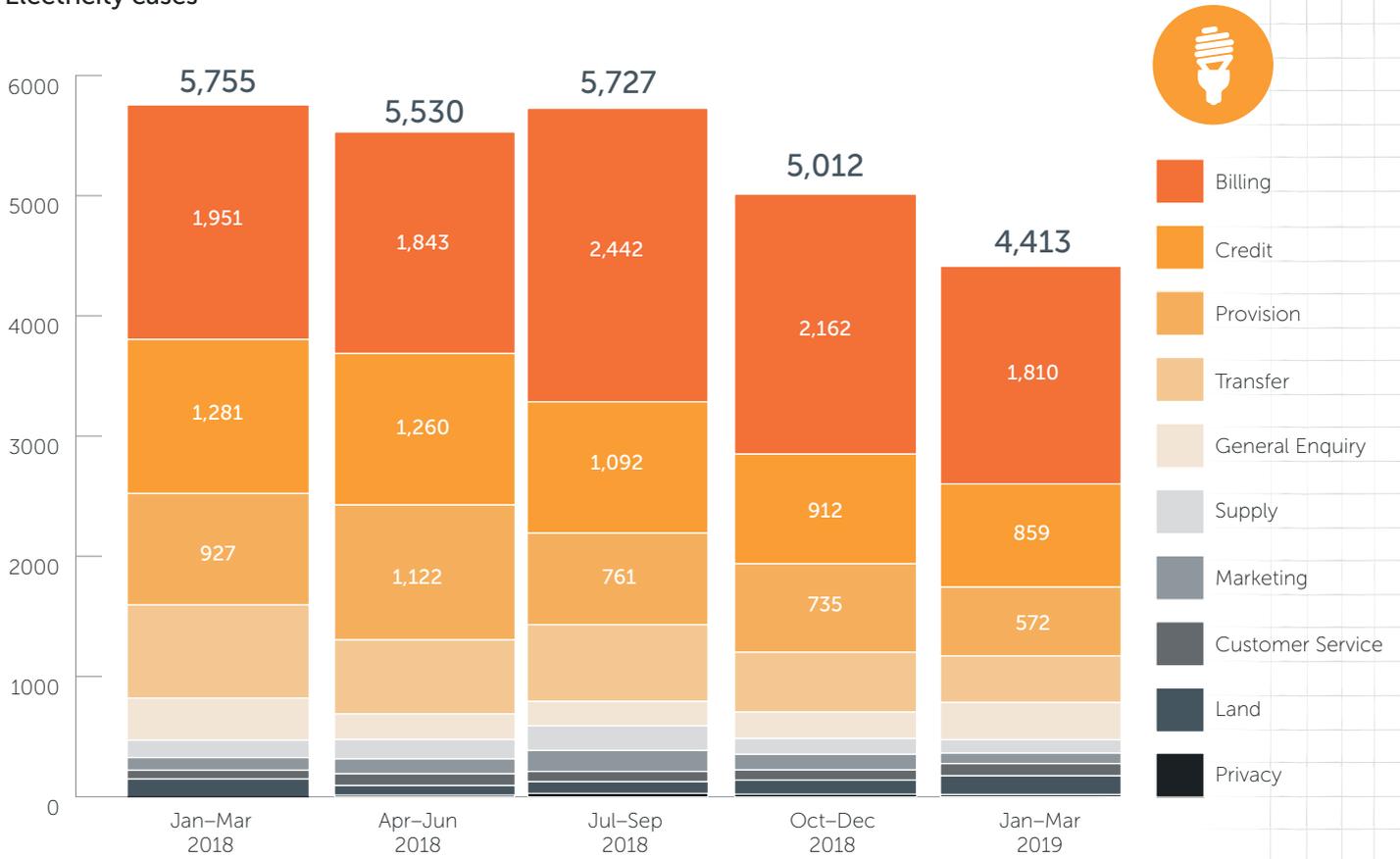
Trends

Solar installation delay was the most common issue customers raised with EWOV this quarter.

We found a number of things contributed to delays — problems with the paperwork submitted to the retailer by the electrician installing the customer’s system, retailers not contacting customers to let them know there was a paperwork issue, and distributor delays around meter configuration. Some customers complained about receiving conflicting or unclear information from their electricity retailer/distributor when they rang to ask about the delay. It was also evident to us that some customers hadn’t done sufficient research before installing solar, leading to unrealistic expectations of the timeframes and projected savings. Better communication with customers — providing clear timeframes, explaining the installation process, and foreshadowing the need to renegotiate electricity contracts once solar is installed — would go a long way to reducing complaints of this kind.

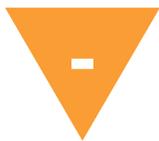
ELECTRICITY

FIGURE 7
Electricity cases



COMPARED TO
LAST QUARTER

**ELECTRICITY
CASES**



12%



COMPARED TO
THIS TIME LAST YEAR

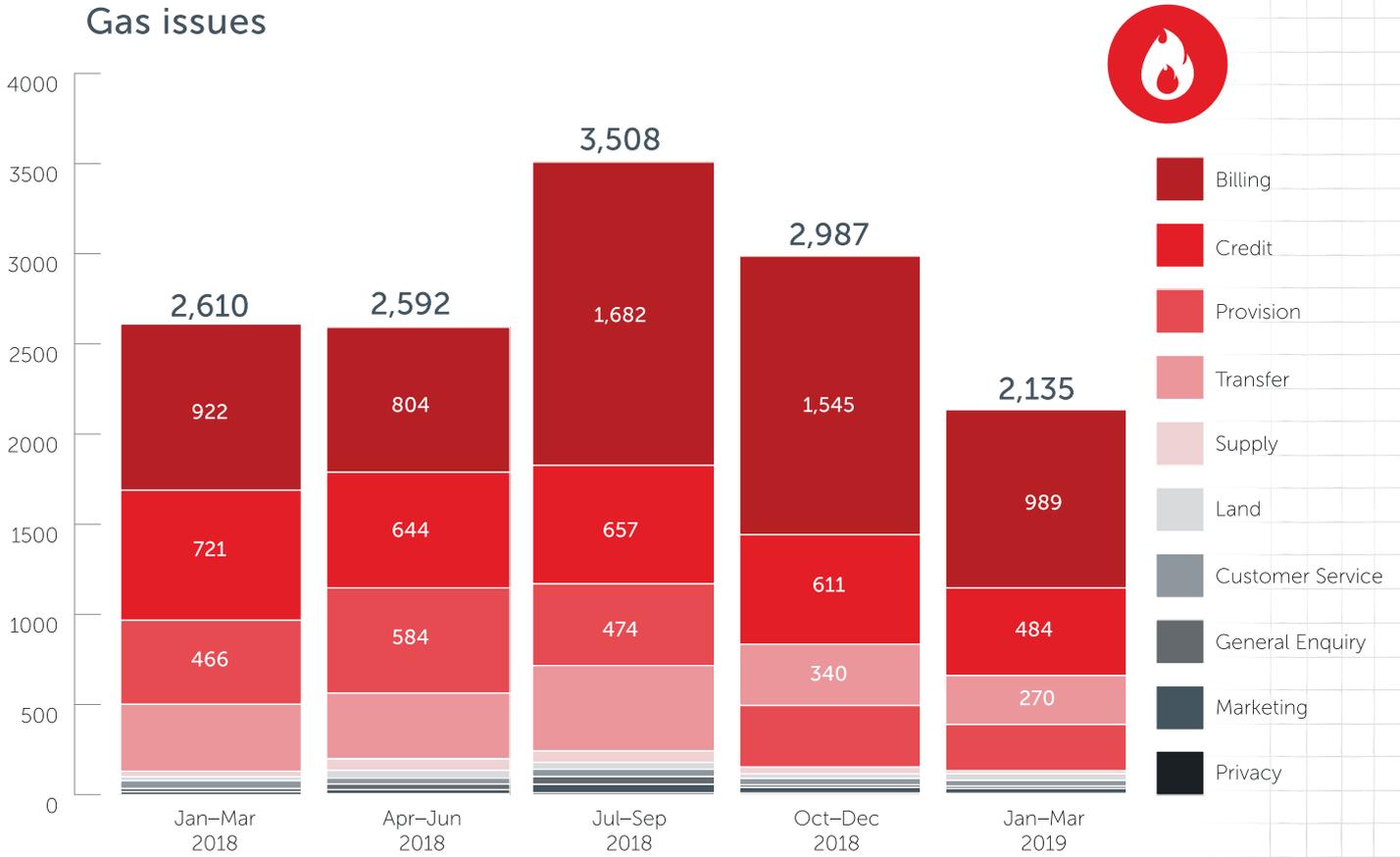
**ELECTRICITY
CASES**



23%

GAS

FIGURE 8
Gas cases

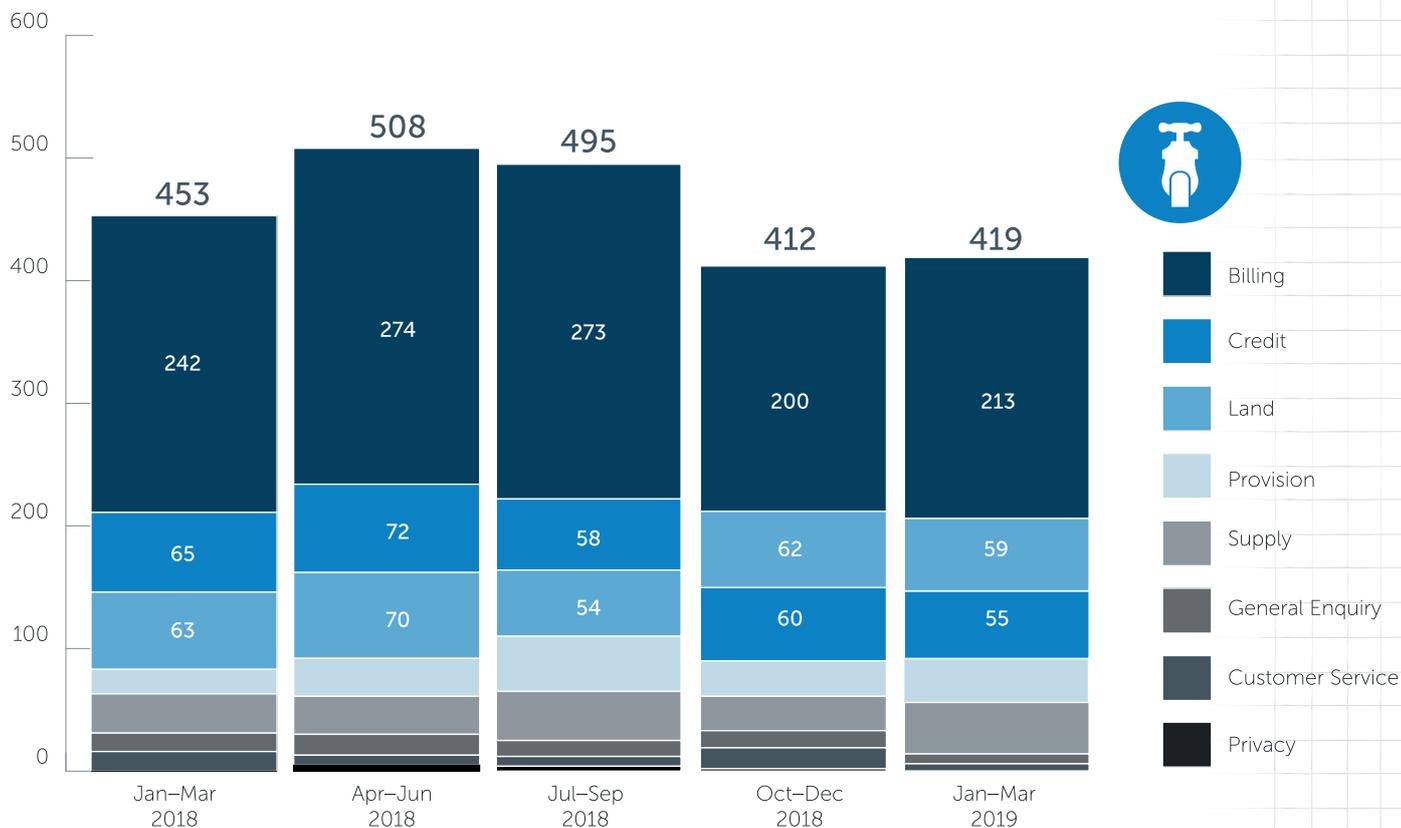


COMPARED TO LAST QUARTER
GAS CASES
29%

COMPARED TO THIS TIME LAST YEAR
GAS CASES
18%

WATER

FIGURE 9
Water cases



+ 2%



- 8%

SYSTEMIC ISSUES

Summary of systemic issue investigations opened and closed

January to March 2019

	Energy	Water	LPG
Open/Under Investigation	1	2	0
Closed	3	0	0

Note: Systemic issue investigations opened and closed during the above period that cannot yet be identified as being systemic haven't been included.

Systemic issues identified through EWOV's case handling

January to March 2019

Usage charges left off bills

EWOV received five cases in which an energy retailer had billed for service charges only – usage charges were later backbilled. In each case, the customer's account had been activated, but there was no check on whether it was correctly linked to the meter in the energy retailer's billing system. Because the retailer's system bills for both metered and unmetered supply, the missing usage charges weren't picked up. The retailer said it had introduced weekly reporting to identify and correct the omission. It also advised that a large-scale billing project, expected to be implemented in mid-2019, would introduce automated pre-billing validation for both metered and unmetered supply. SI/2018/39

Meter index reads wrongly combined

EWOV's case handling revealed that an energy retailer was combining the index reads for all registers of a meter and presenting this on bills as a cumulative index read. This practice doesn't comply with clause 25 of the *Energy Retail Code*. The retailer agreed that each register's index read should be accounted for on its bills. It said this would be addressed in billing system changes in July 2019. SI/2018/52

Actual data labelled as estimated

Eight cases to EWOV highlighted instances where an energy retailer's billing wrongly labelled actual meter data as estimated. The retailer said the problem was due to its system classifying days as estimated if even a single 30-minute interval was estimated. Under the *Energy Retail Code*, if less than 48 hours of interval data in the billing period is estimated, the bill can be shown as actual. The retailer advised that it had addressed the billing system issue in August 2018 and, as result of the fix, its estimated billing had dropped to expected levels. SI/2018/21

PUBLIC SUBMISSIONS MADE BY EWOV

Draft decision – Helping customers engage confidently in the retail energy market

Essential Services Commission (ESC)

In a series of ten draft decisions, the ESC proposed new rules for energy retailers' information disclosure and marketing. These rules are designed to ensure customers can more confidently assess and compare plans in the retail energy market. The ESC also proposed a new Victorian energy fact sheet, which will include a comparison tool to help customers compare plans easily, on the basis of the average yearly cost for a range of typical customers. The new fact sheet will be provided to customers at critical points in their decision-making process, and will also be referenced in marketing material. In its response, EWOV supported all ten of the ESC's draft decisions.

[EWOV's submission online](#)

[ESC's draft decision](#)

Draft decision – Compliance and enforcement policy

Essential Services Commission (ESC)

EWOV's submission supported the ESC's appointment of a new Commissioner for compliance and enforcement, and its intention to adopt a risk-based, intelligence-led, outcomes-focused compliance and enforcement process. We expect these developments will see complaints to EWOV fall. However, we also observed that changing markets and new obligations on industry participants – for example through the General Exemption Order (covering embedded networks) and the Payment Difficulty Framework – will introduce new issues, which will require regulatory attention to ensure all customers are sufficiently protected.

[EWOV's submission online](#)

[ESC's draft decision](#)

GLOSSARY

More about EWOV's [issue](#) and [complaint terminology](#) can be found on our website.